

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY
THE UNIVERSITY OF LOUISIANA AT MONROE

Financial Statements
For the Years Ended June 30, 2013 and 2012



KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA at MONROE

JUNE 30, 2013 AND 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
University of Louisiana at Monroe

We have audited the accompanying statements of financial position of KEDM (A Public Telecommunications Entity operated by University of Louisiana at Monroe) which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Trustees of
University of Louisiana at Monroe
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KEDM (A Public Telecommunications Entity operated by University of Louisiana at Monroe) as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
November 26, 2013

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
STATEMENTS OF FINANCIAL POSITION

		June 30,	
		2013	2012
<u>ASSETS</u>			
	Claim on Cash	\$ 134,992	\$ 168,225
	Prepaid Expenses	2,004	1,149
	Equipment, Net	302,193	353,348
	<u>TOTAL ASSETS</u>	\$ 439,189	\$ 522,722
<u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u>			
	Accounts Payable	\$ 8,849	\$ 3,208
	Accrued Expenses	650	-
	<u>TOTAL LIABILITIES</u>	9,499	3,208
<u>NET ASSETS</u>			
	Temporarily Restricted	19,680	23,640
	Unrestricted	410,010	495,874
	Total Net Assets	429,690	519,514
	<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 439,189	\$ 522,722

The accompanying notes are an integral part of these financial statements.

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
STATEMENTS OF ACTIVITIES

	For the Years Ended June 30,	
	2013	2012
<u>Changes in Unrestricted Net Assets</u>		
Revenues & Gains:		
Contributions		
Underwriting	\$ 48,362	\$ 45,729
Membership	78,196	80,653
Special Events and Other	10,743	527
Tower Rental Revenue	14,616	14,616
Support Provided by the University of Louisiana at Monroe	209,270	236,248
Total Unrestricted Revenues & Gains	361,187	377,773
<u>Net Assets Released From Restrictions</u>		
Satisfaction of Program Restrictions	126,262	181,984
Total Unrestricted Revenues & Gains, and Other Support	487,449	559,757
<u>Expenses</u>		
Advertising	774	193
Depreciation	51,155	54,024
Dues & Subscriptions	136,137	123,926
Maintenance	2,598	206
Materials & Supplies	2,305	6,408
Occupancy	68,410	68,201
Other	8,460	1,778
Postage & Shipping	1,327	1,842
Printing	4,213	3,365
Professional Fees	4,500	6,244
Salaries & Wages	244,986	295,292
Telephone	456	917
Travel	5,483	2,080
Utilities	42,507	41,972
Total Expenses	573,313	606,448
Change in Unrestricted Net Assets	\$ (85,864)	\$ (46,691)

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
STATEMENTS OF ACTIVITIES (continued)

	For the Years Ended	
	June 30,	
	2013	2012
<u>Changes in Temporarily Restricted Net Assets</u>		
Corporation for Public Broadcasting - Community Service Grant	\$ 119,738	\$ 148,020
Corporation for Public Broadcasting - Digital Radio Conversion Grant III	-	8,780
Georgia Public Broadcasting - Southern Regional Education Desk	2,564	22,123
Net Assets Released From Restrictions	(126,262)	(181,984)
Change in Temporarily Restricted Net Assets	(3,960)	(3,061)
<u>Change in Net Assets</u>	(89,824)	(49,752)
<u>Net Assets at Beginning of Year</u>	519,514	569,266
<u>NET ASSETS AT END OF YEAR</u>	\$ 429,690	\$ 519,514

The accompanying notes are an integral part of these financial statements.

KEDM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF LOUISIANA AT MONROE
STATEMENTS OF CASH FLOWS

	For the Years Ended	
	June 30,	
	2013	2012
<u>Cash Flows From Operating Activities</u>		
Change in Net Assets	\$ (89,824)	\$ (49,752)
Adjustments to Reconcile Change in Net Assets for the year to Net Cash Provided (Used) by Operating Activities:		
Depreciation	51,155	54,024
(Increase) Decrease in Prepaid Expenses	(856)	448
Increase in Accounts Payable	5,642	3,208
Increase in Accrued Expensed	650	-
Total Adjustments	56,591	57,680
Net Cash Provided (Used) by Operating Activities	(33,233)	7,928
 <u>Cash Flows From Investing Activities</u>		
Purchase of Equipment	-	(8,646)
 <u>Net Decrease in Cash and Cash Equivalents</u>	(33,233)	(718)
 <u>Claim on Cash at Beginning of Year</u>	168,225	168,943
 <u>CLAIM ON CASH AT END OF YEAR</u>	\$ 134,992	\$ 168,225

The accompanying notes are an integral part of these financial statements.

KEDM
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OPERATED BY THE UNIVERSITY OF LOUISIANA at MONROE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies

A. Organization

KEDM (the Station) is a noncommercial radio station operated by the University of Louisiana at Monroe. The Station adheres to the standards of accounting and reporting as described in Principles of Accounting and Financial Reporting for Public Telecommunication Entities published by the Corporation for Public Broadcasting.

B. Basis of Accounting

The financial statements of the Station have been prepared on the accrual basis. The significant accounting policies followed by the Station are described below to enhance the usefulness of the financial statements to the reader.

C. Basis of Presentation

FASB Accounting Standards Codification (ASC) section 958-205 *Not-for-Profit Entities, Presentation of Financial Statements* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. ASC section 958-605 *Not-for-Profit Entities, Revenue Recognition* requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

A description of the three net asset categories follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Station and/or the passage of time. There were \$19,680 and \$23,640 in temporarily restricted net assets at June 30, 2013 and 2012, respectively. Temporarily Restricted Net Assets are restricted for expenses allowed by the Corporation for Public Broadcasting.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Station. Generally, the donors of these assets permit the Station to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets at June 30, 2013 and 2012, respectively.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies (continued)

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Revenue Recognition

Membership contributions and support from the University are recorded as revenue in the Statement of Activity when received. Restricted gifts and grants are recorded as revenue in the Statement of Activity to the extent that they have been expended for the purpose specified by the donor or grantor during the period.

F. Donated Facilities and Administrative Support

Donated facilities and administrative support from the University consist of office and studio space and an allocation of costs and certain other expenses incurred by the University on behalf of the Station.

Note 2 - Property and Equipment

Fixed assets are stated at cost when purchased or constructed. If acquired by gift, they are recorded at an objective, verifiable basis which is, in the judgement of Station management, a fair value for the Station's purposes (no independent third party appraisal is obtained). Expenditures for repairs and maintenance are charged to operating expense as incurred. Fixed assets are depreciated using the straight-line method over the estimated useful lives (5-30 years) of the individual assets. Depreciation expense amounted to \$51,155 and \$54,024 in 2013 and 2012, respectively.

Net property value at June 30, 2013 was as follows:

	At Cost	Accumulated Depreciation	Net
Furniture & Fixtures	\$ 12,365	\$ 12,365	\$ -
Office Equipment	66,977	61,893	5,083
Radio Tower	240,000	177,333	62,667
Transmitter and Digital Equipment	260,575	102,717	157,859
Antenna and Transmission Line	127,641	51,057	76,585
Electronic Equipment	380,052	380,052	-
<u>TOTAL</u>	<u>\$ 1,087,610</u>	<u>\$ 785,417</u>	<u>\$ 302,193</u>

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FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Note 2 - Property and Equipment (continued)

Net property value at June 30, 2012 was as follows:

	At Cost	Accumulated Depreciation	Net
Furniture & Fixtures	\$ 12,365	\$ 12,365	\$ -
Office Equipment	66,977	57,602	9,375
Radio Tower	240,000	169,333	70,667
Transmitter and Digital Equipment	260,575	76,660	183,915
Antenna and Transmission Line	127,641	38,292	89,349
Electronic Equipment	380,052	380,010	42
<u>TOTAL</u>	<u>\$ 1,087,610</u>	<u>\$ 734,262</u>	<u>\$ 353,348</u>

Note 3 - Digital Conversion Project I

KEDM completed two major capital projects during the fiscal year ended June 30, 2009. The first consisted of a power increase from 87.1 kilowatts to 100 kilowatts, funded by a federal grant from the Public Telecommunications Facilities Program, cooperative endeavor agreements administered by the Louisiana Educational Television Authority controlling the distribution of state funds, and locally-raised private funds. The second capital project consisted of the conversion of KEDM's transmission facilities to enable digital broadcasts, funded by a grant from the Corporation for Public Broadcasting, a special allocation from the State of Louisiana, and locally-raised private funds.

Note 4 - Digital Conversion Project II

KEDM completed a capital project during the fiscal year ended June 30, 2010, to add digital HD2 and HD3 transmission and programming capabilities, funded by a grant from the Corporation for Public Broadcasting and locally raised private funds.

Note 5 - Digital Conversion Project III

KEDM completed a capital project during the fiscal year ended June 30 2012, to increase the power of the HD signal, resulting in better overall HD coverage and better HD reception inside buildings. The increase was achieved by the purchase and addition of the Nautel HD Powerboost hardware and software to the existing transmitter, funded by a grant from the Corporation for Public Broadcasting and locally-raised private funds.

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Note 6 - Temporarily Restricted Net Assets

Temporarily Restricted Net Assets is comprised of revenue from a Corporation for Public Broadcasting ("CPB") Community Service Grant ("CSG"). The CSG contains the following restrictions:

1. No CPB funds shall be used for purposes of conducting any reception, or providing any other entertainment, for any officer or employee of the federal government or any state or local government.
2. No CPB funds shall be used to pay the salary or expenses of any grant or contract recipient, or agent acting for such recipient, related to any activity designed to influence legislation or appropriation before Congress or any state legislature.
3. No CSG funds may be expended on the production, acquisition or distribution of programs which do not qualify under CPB's Broadcast Schedule of eligibility criterion. Such programs include any that further the principles of particular political or religious philosophies, or that are designed primarily for in-school or professional in-service audiences.
4. The station's licensee may not impound or otherwise withhold or inappropriately restrict the use of CSG funds by the station. CSG funds may not be used to supplant funds or other support already being provided to the station by the licensee, or to offset budgeting cutbacks by the licensee. For purposes of these General Provisions and Eligibility Criteria, "supplant" is defined as "to reduce the amount of funds or other support already being provided by the licensee in proportion to, or because of, funding through the CSG."
5. CSG funds may not be used to offset an institutional licensee's overhead or expenses.
6. CSG funds or proceeds from the liquidation or transfer of assets acquired with CSG funds must be used solely for the benefit of the public broadcast station.
7. Full-time station personnel whose salaries are paid by CSG funds must exercise full-time responsibilities over broadcast station operations. Such personnel shall not be required by the licensee to perform duties unrelated to the operation of the broadcast station.
8. CSG funds shall not be used by the grantee for personnel services, programming (both production and acquisition), or technical facilities in excess of standard amounts usually paid, charged or otherwise applied by the grantee for the same services and facilities under similar circumstances.
9. Grantee agrees that if, at any time during the grant period covered by this agreement, it should cease to provide the public broadcasting services for which this grant is made, it shall, upon request of CPB, return any or all of the grant funds to CPB.
10. Approximately 26 percent of the CSG must be spent on national program production and acquisition. This portion of the CSG must be used exclusively for the acquisition, production, promotion, and/or distribution of national programming of high quality, diversity, creativity, excellence, and innovation, with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature.

Net assets were released from grantor restrictions by incurring expenses satisfying the purpose specified by the grantor as follows.

Corporation for Public Broadcasting	<u>\$126,262</u>
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NOTES TO THE FINANCIAL STATEMENTS
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Note 7 - Subsequent Events

Subsequent events have been evaluated through November 26, 2013, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.